

ORIGINAL

OPEN MEETING



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MEMORANDUM

RECEIVED

Arizona Corporation Commission
Arizona Corporation Commission

DOCKETED

JUN 15 2015

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AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 15, 2015

DOCKETED BY

DAB

RE: IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC TO ADD NEW CONDITIONS TO ITS CURRENT SERVICE LINE AND METER INSTALLATION CHARGES TARIFF (DOCKET NO. W-04254A-15-0062)

I. Introduction

On March 2, 2015, Montezuma Rimrock Water Company, LLC ("Montezuma" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting to add new conditions to its current service line and meter installation charges tariff. The tariff was approved in Decision No. 74504 dated May 30, 2014. On March 16, 2015, Montezuma filed to extend the required 30-day review period to allow additional time for Staff to complete its review of the filing.

II. Background

Montezuma is a Class D public water company that provides service to approximately 225 metered connections. The water system is a groundwater-based system serving a community located approximately ten (10) miles northeast of Camp Verde, Yavapai County, Arizona.

Montezuma is requesting authorization to include, in its current service line and meter installation charges tariff, additional charges that would cover costs incurred for meeting Yavapai County Right of Way Excavation standards when excavating and crossing existing asphalt paved county roads. Currently, the Yavapai County Right of Way Excavation permit does not allow utilities to cut and trench across asphalt pavement roads. The Yavapai County Right of Way Excavation standards require utilities to bore under asphalt paved county roads.

A customer has recently inquired about water service from Montezuma. Installation of the water service line would require Montezuma to cross a paved county road, prompting Montezuma's request for the inclusion of additional charges to the tariff. Montezuma has stated that it has informed this customer of this tariff filing.

III. Staff's Analysis

Montezuma's current service line and meter installation charges tariff was approved in Decision No. 74504 and is attached as Exhibit 1.

Montezuma's proposed language states, "If the cost to install a water service line is more than the amount authorized by the Commission, due to costs incurred by the utility for excavating an existing road, the customer is responsible for paying the actual costs incurred by the utility for opening the road plus road crossing costs to meet Yavapai County standards."

However, since the Yavapai County Right of Way standards specifically mention that cutting county paved roads is not permitted, Staff has recommended amending Montezuma's proposed language to include the excavation of Yavapai County paved roads. Accordingly, Staff's amended language is as follows, "If the cost to install a water service line is more than the amount authorized by the Commission, due to costs incurred by the utility for excavating an existing Yavapai County paved road, the customer is responsible for paying the actual costs incurred by the utility to meet the Yavapai County Right of Way standards."

The significance of Staff's amended language, as compared to Montezuma's, is that it will allow Montezuma to only charge a customer the additional cost for excavating across a paved county road. The service line and meter installation charges remain the same whether the road being crossed is paved or unpaved. The amended service line and meter installation charges are illustrated in Exhibit 2.

Staff notes that the service line and meter installation charges are a form of Advance-in-aid-of-Construction ("AIAC" or "Meter Advances"). These charges are fully refundable to the ratepayers and, as such, do not affect the operational revenues of the utility. Further, the recommended changes to the tariff are intended to cover only the additional costs caused by the need to cross paved county roads and will not provide any extra funds to Montezuma. All of the dollar amounts included in the tariff are unchanged. Accordingly, Staff has deemed the recommended changes to the tariff to be revenue neutral.

VI. Conclusions and Recommendations

Staff concludes that the recommended changes to the tariff to be revenue neutral.

Staff recommends approval of Montezuma's proposed service line and meter installation charges language filed on March 2, 2015, as amended by Staff.

THE COMMISSION

June 23, 2015

Page 3

Staff further recommends approval of the service line and meter installation charges attached to the proposed order as Attachment A.

Staff further recommends that Montezuma notify its customers, in a form acceptable to Staff, of the amended service line and meter installation charges tariff.

A handwritten signature in black ink, appearing to read 'Steven M. Olea', with a stylized, sweeping flourish extending from the end of the signature.

Steven M. Olea
Director
Utilities Division

SMO:MST:red\CHH

Originator: Michael Thompson, P.E.

CURRENT SERVICE LINE AND METER INSTALLATION CHARGES

Montezuma Rimrock Water Company, LLC

Refundable Pursuant to A.A.C. R14-2-405

Meter Size	Company Current Tariff – Decision No. 74504		
	Service Line Charge	Meter Charge	Total Charge
5/8 X 3/4 - inch			
Same Side of Road	\$370	\$130	\$500
Other Side of Road	\$670	\$130	\$800
3/4 - inch			
Same Side of Road	\$370	\$180	\$550
Other Side of Road	\$695	\$180	\$875
1 - inch			
Same Side of Road	\$400	\$225	\$625
Other Side of Road	\$775	\$225	\$1,000
1 - 1/2 - inch			
Same Side of Road	\$450	\$450	\$900
Other Side of Road	\$975	\$450	\$1,425
2 - inch Turbine			
Same Side of Road	\$550	\$900	\$1,450
Other Side of Road	\$1,450	\$900	\$2,350
2-inch Compound			
Same Side of Road	\$550	\$1,575	\$2,125
Other Side of Road	\$1,825	\$1,575	\$3,400
3 - inch Turbine			
Same Side of Road	\$765	\$1,210	\$1,975
Other Side of Road	\$1,965	\$1,210	\$3,175
3-inch Compound			
Same Side of Road	\$795	\$1,955	\$2,750
Other Side of Road	\$2,420	\$1,955	\$4,375
4 - inch Turbine			
Same Side of Road	\$1,055	\$2,120	\$3,175
Other Side of Road	\$2,980	\$2,120	\$5,100
4-inch Compound			
Same Side of Road	\$1,095	\$2,930	\$4,025
Other Side of Road	\$3,495	\$2,930	\$6,425
6-inch Turbine			
Same Side of Road	\$1,600	\$4,425	\$6,025
Other Side of Road	\$5,200	\$4,425	\$9,625
6-inch Compound			
Same Side of Road	\$1,730	\$6,120	\$7,850
Other Side of Road	\$6,430	\$6,120	\$12,550

EXHIBIT 1

RECOMMENDED SERVICE LINE AND METER INSTALLATION CHARGES

Montezuma Rimrock Water Company, LLC

Refundable Pursuant to A.A.C. R14-2-405

Meter Size	Staff Recommended Tariff			
	Service Line and Meter Installation Charges			Paved Road Crossing Charge
	Service Line Charge	Meter Charge	Total Charge	
5/8 X 3/4 - inch				
Same Side of Road	\$370	\$130	\$500	N/A
Other Side of Road	\$670	\$130	\$800	At Cost
3/4 - inch				
Same Side of Road	\$370	\$180	\$550	N/A
Other Side of Road	\$695	\$180	\$875	At Cost
1 - inch				
Same Side of Road	\$400	\$225	\$625	N/A
Other Side of Road	\$775	\$225	\$1,000	At Cost
1 - 1/2 - inch				
Same Side of Road	\$450	\$450	\$900	N/A
Other Side of Road	\$975	\$450	\$1,425	At Cost
2 - inch Turbine				
Same Side of Road	\$550	\$900	\$1,450	N/A
Other Side of Road	\$1,450	\$900	\$2,350	At Cost
2-inch Compound				
Same Side of Road	\$550	\$1,575	\$2,125	N/A
Other Side of Road	\$1,825	\$1,575	\$3,400	At Cost
3 - inch Turbine				
Same Side of Road	\$765	\$1,210	\$1,975	N/A
Other Side of Road	\$1,965	\$1,210	\$3,175	At Cost
3-inch Compound				
Same Side of Road	\$795	\$1,955	\$2,750	N/A
Other Side of Road	\$2,420	\$1,955	\$4,375	At Cost
4 - inch Turbine				
Same Side of Road	\$1,055	\$2,120	\$3,175	N/A
Other Side of Road	\$2,980	\$2,120	\$5,100	At Cost
4-inch Compound				
Same Side of Road	\$1,095	\$2,930	\$4,025	N/A
Other Side of Road	\$3,495	\$2,930	\$6,425	At Cost
6-inch Turbine				
Same Side of Road	\$1,600	\$4,425	\$6,025	N/A
Other Side of Road	\$5,200	\$4,425	\$9,625	At Cost
6-inch Compound				
Same Side of Road	\$1,730	\$6,120	\$7,850	N/A
Other Side of Road	\$6,430	\$6,120	\$12,550	At Cost

Note 1: At Cost includes boring costs for crossing paved Yavapai County roads (If the cost to install a water service line is more than the amount authorized by the Commission, due to costs incurred by the utility for excavating an existing Yavapai County paved road, the customer is responsible for paying the actual costs incurred by the utility to meet the Yavapai County Right of Way standards).

Note 2: Same side of road indicates that the water main and meter are located on the same side of the road.

Note 3: Other side of road indicates that the water main and meter are located on the opposite sides of the road.

EXHIBIT 2

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

IN THE MATTER OF THE APPLICATION
OF MONTEZUMA RIMROCK WATER
COMPANY, LLC TO ADD NEW
CONDITIONS TO ITS CURRENT SERVICE
LINE AND METER INSTALLATION
CHARGES TARIFF

DOCKET NO. W-04254A-15-0062
DECISION NO. _____
ORDER

Open Meeting
July 7 and 8, 2015
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction

1. Montezuma Rimrock Water Company, LLC (“Montezuma” or “Company”) is
certificated to provide water service as a public service corporation in the State of Arizona.
2. On March 2, 2015, Montezuma filed an application with the Arizona Corporation
Commission (“Commission”) requesting to add new conditions to its current service line and meter
installation charges tariff. The tariff was approved in Decision No. 74504 dated May 30, 2014. On
March 16, 2015, Montezuma filed to extend the required 30-day review period to allow additional time
for Staff to complete its review of the filing.

Background

3. Montezuma is a Class D public water company that provides service to approximately
225 metered connections. The water system is a groundwater-based system serving a community
located approximately ten (10) miles northeast of Camp Verde, Yavapai County, Arizona.

1 4. Montezuma is requesting authorization to include, in its current service line and meter
2 installation charges tariff, additional charges that would cover costs incurred for meeting Yavapai
3 County Right of Way Excavation standards when excavating and crossing existing asphalt paved
4 county roads. Currently, the Yavapai County Right of Way Excavation permit does not allow utilities
5 to cut and trench across asphalt pavement roads. The Yavapai County Right of Way Excavation
6 standards require utilities to bore under asphalt paved county roads.

7 5. A customer has recently inquired about water service from Montezuma. Installation of
8 the water service line would require Montezuma to cross a paved county road, prompting
9 Montezuma's request for the inclusion of additional charges to the tariff. Montezuma has stated that
10 it has informed this customer of this tariff filing.

11 **Staff's Analysis**

12 6. Montezuma's current service line and meter installation charges tariff was approved in
13 Decision No. 74504.

14 7. Montezuma's proposed language states, "If the cost to install a water service line is
15 more than the amount authorized by the Commission, due to costs incurred by the utility for
16 excavating an existing road, the customer is responsible for paying the actual costs incurred by the
17 utility for opening the road plus road crossing costs to meet Yavapai County standards."

18 8. However, since the Yavapai County Right of Way standards specifically mention that
19 cutting county paved roads is not permitted, Staff has recommended amending Montezuma's
20 proposed language to include the excavation of Yavapai County paved roads. Accordingly, Staff's
21 amended language is as follows, "If the cost to install a water service line is more than the amount
22 authorized by the Commission, due to costs incurred by the utility for excavating an existing Yavapai
23 County paved road, the customer is responsible for paying the actual costs incurred by the utility to
24 meet the Yavapai County Right of Way standards."

25 9. The significance of Staff's amended language, as compared to Montezuma's, is that it
26 will allow Montezuma to only charge a customer the additional cost for excavating across a paved
27 county road. The service line and meter installation charges remain the same whether the road being
28

1 crossed is paved or unpaved. The amended service line and meter installation charges are illustrated in
2 Attachment A.

3 10. Staff notes that the service line and meter installation charges are a form of Advance-
4 in-aid-of-Construction ("AIAC" or "Meter Advances"). These charges are fully refundable to the
5 ratepayers and, as such, do not affect the operational revenues of the utility. Further, the
6 recommended changes to the tariff are intended to cover only the additional costs caused by the need
7 to cross paved county roads and will not provide any extra funds to Montezuma. All of the dollar
8 amounts included in the tariff are unchanged. Accordingly, Staff has deemed the recommended
9 changes to the tariff to be revenue neutral.

10 Conclusions and Recommendations

11 11. Staff concludes that the recommended changes to the tariff are revenue neutral.

12 12. Staff has recommended approval of Montezuma's proposed service line and meter
13 installation charges language filed on March 2, 2015, as amended by Staff.

14 13. Staff has further recommended approval of the service line and meter installation
15 charges listed in Attachment A.

16 14. Staff further recommends that Montezuma notify its customers, in a form acceptable
17 to Staff, of the amended service line and meter installation charges tariff.

18 CONCLUSIONS OF LAW

19 1. The Montezuma Rimrock Water Company, LLC is a public water service corporation
20 within the meaning of Article XV, Section 2, of the Arizona Constitution.

21 2. The Commission has jurisdiction over Montezuma Rimrock Water Company, LLC
22 and the subject matter of the application.

23 3. The Commission, having reviewed the filing and Staff's Memorandum dated June 15,
24 2015, concludes that it is in the public interest to approve the service line and meter installation
25 charges tariff attached hereto as Attachment A.

26 ORDER

27 IT IS THEREFORE ORDERED that the Montezuma Rimrock Water Company, LLC
28 service line and meter installation charges attached hereto as Attachment A are hereby approved.

Decision No. _____

1 IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall notify
2 its customers, in a form acceptable to Staff, of the service line and meter installation charges tariff
3 authorized herein and their effective date by means of either an insert in the next regularly scheduled
4 billing or by a separate mailing and shall provide copies of the tariff to any customer upon request.

5 IT IS FURTHER ORDERED that Staff shall file a letter in the Docket confirming that the
6 Montezuma Rimrock Water Company, LLC tariff has been updated with the tariff approved herein.

7 IT IS FURTHER ORDERED that the service line and meter installation charges tariff
8 authorized herein shall go into effect 30 days after the date notice is sent to customers.

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10
11 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**
12

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14 CHAIRMAN

COMMISSIONER

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16 COMMISSIONER

COMMISSIONER

COMMISSIONER

17 IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of
18 the Arizona Corporation Commission, have hereunto, set my hand and
19 caused the official seal of this Commission to be affixed at the Capitol,
20 in the City of Phoenix, this _____ day of
_____, 2015.

21
22 JODI JERICH
23 EXECUTIVE DIRECTOR

24 DISSENT: _____

25
26 DISSENT: _____

27 SMO:MST:red\CHH
28

Decision No. _____

1 SERVICE LIST FOR: Montezuma Rimrock Water Company, LLC
2 DOCKET NO. W-04254A-15-0062

3 Ms. Patricia Olsen
4 President
5 Montezuma Rimrock Water Company, LLC
6 3031 East Beaver Creek Road
7 Rimrock, Arizona 86335

8 Mr. Steven M. Olea
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Mr. Dwight Nodes
19 Acting Chief Administrative Law Judge, Hearing Division
20 Arizona Corporation Commission
21 1200 W. Washington
22 Phoenix Arizona 85007-2927

SERVICE LINE AND METER INSTALLATION CHARGES**Montezuma Rimrock Water Company, LLC***Refundable Pursuant to A.A.C. R14-2-405*

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2 - inch Turbine				
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Other Side of Road	\$1,450	\$900	\$2,350	At Cost
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ATTACHMENT A

Decision No. _____